

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 XMB-04 AID-05 CEA-01 CIAE-00
COME-00 EB-08 EA-12 FRB-01 INR-10 IO-14 NEA-10
NSAE-00 ICA-20 OPIC-06 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 STR-07 L-03 NSC-05
/142 W

-----086267 111956Z /42 46

P R 101704Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 9839
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS

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USOECD

USEEC

C O R R E C T E D C O P Y PARA 4 IMI 4 CORRECTED

PASS TREASURY FOR RTSS AND EXIMBANK FOR FURTADO

E.O. 11652: N/A
TAGS: ETRD, EFIN, OECD
SUBJECT: EXPORT CREDIT CONSENSUS

1. FOLLOWING ARE TEXTS OF CONFIRMATIONS OF ADHERENCE
FOR NEW EXPORT CREDIT CONSENSUS BY THE EEC, CANADA,
FINLAND, SWEDEN, PORTUGAL, SWITZERLAND, NORWAY, AND
GREECE.

2. CANADA: (LETTER TO THE CHAIRMAN OF THE GROUP ON
EXPORT CREDITS, 3/22/78) "AT THE MEETING OF CONSENSUS
PARTICIPANTS FEBRUARY 22, IT WAS AGREED THAT EACH OF
US WOULD ADVISE YOU OF OUR FINAL DECISION WITH RESPECT
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TO ADHERENCE TO THE NEW ARRANGEMENT ON GUIDELINES
FOR OFFICIALLY SUPPORTED EXPORT CREDITS, AS SET OUT
IN DOCUMENT TD/CONSENSUS/78.4(LST REVISION).

3. AS I INDICATED AT THAT TIME, CANADA HAS BEEN A
SUPPORTER, FROM THE BEGINNING OF THE GENTLEMAN'S
AGREEMENT EXERCISE, OF EFFORTS TO CURB THE INTERNATION-

AL CREDIT TERMS RACE BY LIMITING THE SUBSIDY ELEMENT GOVERNMENTS ACCORD THEIR EXPORT CREDIT OFFERS.

4. THE CANADIAN GOVERNMENT IS OF THE OPINION THAT THE PRESENT TEXT FAILS IN THIS OBJECTIVE BECAUSE IT PERPETUATES ARTIFICIAL DISTINCTIONS BETWEEN CLASSES OF BORROWERS AND SETS INTEREST RATE NORMS THAT ARE BELOW PREVAILING LONG-TERM INTERNATIONAL MARKET RATES, AND EVEN BELOW I.B.R.D. LENDING RATES. CANADA DOES NOT BELIEVE THAT THE SUBSIDY ELEMENT INHERENT IN THESE RATES CAN OR SHOULD BE THE BASIS FOR FIXING UNREALISTICALLY SHORT MATURITY LIMITS. AT A TIME WHEN LARGE-SCALE SCALE CAPITAL PROJECTS ARE BEING UNDERTAKEN AROUND THE WORLD, EXPORT CREDIT, IF IT IS TO BE A USEFUL COMPIN THE FINANCING OF SUCH PROJECTS, SHOULD BE STRUCTURED IN ACCORDANCE WITH THE NATURE AND PAYBACK CHARACTERISTICS OF THE PROJECTS BEING FINANCED.

5. CANADA'S EXPORT FINANCING SYSTEM IS BASED ON THE PHILOSOPHY OF NON-SUBSIDIZATION AND HAS EXPERIENCED RAPID LENDING GROWTH WITHOUT SIGNIFICANT COST TO THE CANADIAN TREASURY. CANADIAN AUTHORITIES HAVE SERIOUSLY QUESTIONED WHETHER, IN GOOD CONSCIENCE, CANADA COULD ASSOCIATE ITSELF WITH A SET OF GUIDELINES THAT RUNS COUNTER TO COMMERICAL PRINCIPLES. THE CANADIAN UNCLASSIFIED

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GOVERNMENT HAS CONCLUDED, HOWEVER, THAT THE CONSENSUS, DISAPPOINTING THOUGH IT MAY BE, DOES REPRESENT A CONSCIOUS ATTEMPT TO LIMIT TO SOME EXTENT THE COUNTER PRODUCTIVE USE OF SUBSIDY IN EXPORT FINANCING.

6. CANADA IS THEREFORE WILLING TO ADHERE TO THE CONSENSUS FOR ONE YEAR, AND TO MAKE ITS BEST EFFORTS TO FOLLOW THE GUIDELINES AND PROCEDURES IN DOCUMENT TD/CONSENSUS/78.4(1ST REVISION), CONSISTENT WITH OUR DETERMINATION NOT TO BE PLACED AT A PERMANENT DISADVANTAGE WHEN ENDEAVOURING TO APPLY PRINCIPLES OF NONSUBSIDIZED COMMERCIAL FINANCING AND ON THE ASSUMPTION THAT THE OTHER PARTICIPANTS WILL ALSO CONFIRM THEIR INTENTION TO IMPLEMENT THE ARRANGEMENT. I CAN ASSURE YOU OF OUR INTENTION THAT NO ACTIVITIES OF CANADA'S EXPORT DEVELOPMENT CORPORATION WILL BE UNDERTAKEN SO AS TO ADD FUEL TO THE CREDIT RACE."

7. FINLAND (3/23/78): "THE FINNISH GOVERNMENT CONFIRMS ITS INTENTION TO IMPLEMENT THE ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS ON 1ST APRIL,

1978 ON THE ASSUMPTION THAT OTHER PARTICIPANTS WILL ALSO
CONFIRM THEIR INTENTION

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NSAE-00 ICA-20 OPIC-06 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 STR-07 L-03 NSC-05
/142 W

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P R 101704Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 9840
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS

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TO IMPLEMENT THE ARRANGEMENT."

8. SWEDEN (3-3L-78): "THE GOVERNMENT OF SWEDEN
HEREBY CONFIRMS ITS INTENTION TO IMPLEMENT THE ARRANGE-
MENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT
CREDITS AS OF LST APRIL 1978, ON THE ASSUMPTION THAT
OTHER PARTICIPANTS ALSO DO SO."

9. PORTUGAL (4-3-78): "THE PORTUGUESE DELEGATION
SETS OUT BELOW THE POSITION OF THE PORTUGUESE AUTHORI-
TIES WITH RESPECT TO THE "ARRANGEMENT ON GUIDELINES
FOR OFFICIALLY SUPPORTED EXPORT CREDITS": 1) GENERAL
ADHERENCE TO THE CONSENSUS. 2) EXCLUSION OF SHIP-
BUILDING ACTIVITIES, WITHOUT PREJUDICE TO AN ADAPTION
IN THIS POSITION, WHICH COULD BE MADE BY PORTUGAL IN
WORKING PARTY NO 6 OF THE COUNCIL ON SHIPBUILDING."

10. SWITZERLAND (4-3-78): THE SWISS AUTHORITIES
CONFIRM THEIR INTENTION TO IMPLEMENT THE ARRANGEMENT
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ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS ON LST APRIL, L978, ON THE PROVISIO THAT OTHER PARTICIPANTS ALSO CONFIRM THEIR INTENTION TO IMPLEMENT THE ARRANGEMENT."

11. THE SWISS AUTHORITIES WISH TO RECALL THAT IN SWITZERLAND FINANCING FOR EXPORT CREDITS COVERED BY THE ARRANGEMENT IS ASSURED - WITH THE EXCEPTION OF A LIMITED NUMBER OF MIXED CREDITS EXTENDED TO DEVELOPING COUNTRIES FOR WHICH A SPECIAL PROCEDURE IS FORESEEN IN PARAGRAPH 7 OF THE ARRANGEMENT - BY THE PRIVATE FINANCIAL MARKET, AT INTEREST RATES PREVAILING ON THIS MARKET.

ACCORDINGLY, THE SWISS AUTHORITIES ACCEPT THE INTERPRETATION WHEREBY THE MINIMUM INTEREST RATES OF CREDITS COVERED BY THE ARRANGEMENT MAY EVENTUALLY BE BELOW THE NORM SET FORTH IN PARAGRAPH 3 OF THIS ARRANGEMENT WHEN OFFICIAL SUPPORT IS LIMITED TO THE PROVISION OF INSURANCE FOR EXPORT CREDITS."

12. EUROPEAN ECONOMIC COMMUNITY (4-5-78): "I HAVE THE HONOR TO INFORM YOU THAT THE COUNCIL OF THE EUROPEAN COMMUNITIES, AT ITS MEETING ON 4TH APRIL L978, DECIDED TO IMPLEMENT THE ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS AS APPROVED AD REFERENDUM AT THE MEETING HELD IN PARIS ON 20TH-22ND FEBRUARY, L978.

THIS DECISION CONCERNS THE VERSION "TD/CONSENSUS/78.4(1ST REVISION)" OF THE ABOVE-MENTIONED ARRANGEMENT. HOWEVER, ATTENTION SHOULD BE DRAWN TO THE FACT THAT THE SYSTEMATIC REPLACEMENT, IN THIS REVISED VERSION UNCLASSIFIED

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OF THE DOCUMENT "TD/CONSENSUS/78.4", OF THE TERM "OFFER" BY THE TERM "SUPPORT" IS UNSUITABLE, TO THE EXTENT THAT, IN THE CASE OF AID CREDITS, THE TERM "OFFER" APPEARS MORE APPROPRIATE. THE COMMUNITY RESERVES THE RIGHT TO RAISE THIS PROBLEM OF TERMINOLOGY AT THE NEXT MEETING TO BE HELD IN OCTOBER L978."

13. NORWAY (4-5-78): "REFERRING TO THE NORWEGIAN STATEMENT MADE AT THE MEETING HELD ON 20TH-22ND FEBRUARY, 1978, OF THE REPRESENTATIVES OF PARTICIPANTS IN THE CONSENSUS, THE NORWEGIAN DELEGATION CONFIRMS THAT NORWAY HAS DECIDED TO IMPLEMENT THE ARRANGEMENT

ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS
AS CONTAINED IN DOCUMENT TD/CONSENSUS/78.4."

14. GREECE (4-5-78): "AS THIS DELEGATION HAS ALREADY
INFORMED THE SECRETARIAT BY TELEPHONE ON 3RD APRIL,
L978, THE GREEK GOVERNMENT HAS CONFIRMED ITS INTENTION
TO IMPLEMENT AS FROM LST APRIL, L978 THE NEW ARRANGE-
MENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT
CREDITS WITH THE EXCEPTION OF THE RULES PERTAINING
TO SHIPS."
SALZMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Current Classification: UNCLASSIFIED
Concepts: EXPORTS, CREDIT, AGREEMENTS, TREATY SIGNATURE
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Draft Date: 10 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS11681
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Expiration:
Film Number: D780164-0469, D780154-0214
Format: TEL
From: PARIS USOECD
Handling Restrictions: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3020882
Secure: OPEN
Status: NATIVE
Subject: EXPORT CREDIT CONSENSUS
TAGS: ETRD, EFIN, CA, SW, PO, SZ, NO, GR, FI, OECD, EEC
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4e6a20b3-c288-dd11-92da-001cc4696bcc
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